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December 11, 2009

VIA ELECTRONIC FILING

Charles L.A. Terreni, Esquire
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Review of Avondale Mills, Incorporated's Rates Approved in Order No. 2009-394
PSC Docket No. 2009-342-WS.

Dear Mr. Terreni:

In response to the letter filed by Avondale Mills ("Avondale") in the above referenced docket on December 9, 2009, the Office of Regulatory Staff ("ORS") would request that the Public Service Commission ("Commission") take note of the following opinion of ORS regarding Avondale's position and request.

First, ORS does not agree with the statement by Avondale that the Commission acted improperly or exceeded its authority by directing on November 19, 2009 that Avondale's customers would have until January 31, 2009 to pay their July 2009 bills. As stated by ORS in numerous previous filings made with the Commission, ORS strongly believes that some form of interim relief for the systems customers is warranted, does not constitute "retroactive ratemaking," and is within the Commission's discretion to order.

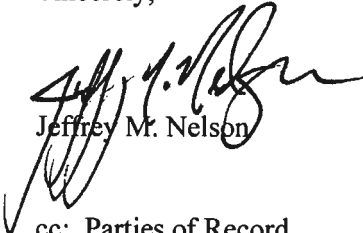
ORS does, however, generally agree with Avondale that the company should be permitted to "collect all arrearages as permitted by law." The only qualification being those rights as they may pertain to the previously mentioned July bills and arrearages addressed in the Commission's Directive. ORS agrees with Avondale that the Commission Directive does not appear to relieve Avondale's customers of their liability for bills incurred in the months of August, September, October, or November and that these bills are due and payable to Avondale. The failure of a customer to pay these bills or to make arrangements or seek accommodations for their payment, entitle Avondale to take any actions permitted under the Commission's regulations. ORS does not believe that the Commission Directive in any way limited or impaired Avondale's ability to collect delinquent balances or accounts or to initiate disconnection of service as permitted under the Commission's rules and regulations for any customer's usage or bills incurred subsequent to July 2009.

As it is not clear in Avondale's letter as to how payments by customers are credited to their bills, ORS would like to make clear its position to the Commission that it believes that under the Commission's

Directive that Avondale is constrained from taking any action for collection or disconnection of services of any customer who currently has a balance in their account equal to or less than that which they were billed by Avondale for the month of July 2009. While Avondale may credit payments from customers on a rolling month-by-month basis, thus hampering the ability of the company to separate monthly "past due" bills in a customer's account, the clear intent of the Commission's Directive is to allow Avondale's customers until December 31, 2009 to pay one-half of the **amount** of their July bill and until January 31, 2010 to pay the full **amount** of their July bill. ORS believes that the Commission Directive strictly prohibits Avondale from initiating collection or service disconnection against customers who are meeting these criteria. In short, ORS requests that the Commission clarify that any efforts by Avondale to disconnect service to the systems customers for failure to pay their July bills is not permissible at this time.

Finally, the Directive specifically stated that the Commission holds in abeyance other issues so that there will not be distractions which could complicate the pending system transfer; which all parties hope to accomplish by the end of January 2010. ORS requests that the Commission reiterate to Avondale the importance of focusing on the system transfer rather than on the matters raised in its most recent letter. These side issues can be addressed by the Commission after the system transfer is completed. All parties, including the customers of the system and the company, will be well served to focus on the consummation of the transfer at the present time.

Sincerely,



Jeffrey M. Nelson

cc: Parties of Record